

PHILLIP SELECT FUND

ANNUAL REPORT

Year ended 30 September 2022



Phillip Capital Management

(A member of PhillipCapital)

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Phillip Select Fund

MANAGER

Phillip Capital Management (S) Ltd
250 North Bridge Road #06-00
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Singapore 179101
(Company Registration No. 199905233W)

DIRECTORS OF THE MANAGER

Lim Hua Min
Jeffrey Lee Chay Khiong
Linus Lim Wen Sheong
Lim Wah Sai
Louis Wong Wai Kit

TRUSTEE & REGISTRAR

BNP Paribas Trust Services Singapore Limited
20 Collyer Quay
#01-01
Singapore 049319
(Company Registration No. 200800851W)

CUSTODIAN AND FUND ADMINISTRATOR

Until 30 September 2022 (or such other date as may be determined from time to time):

BNP Paribas Securities Services, operating through its Singapore Branch
20 Collyer Quay
#01-01
Singapore 049319
(Company Registration No. T08FC7287D)

From 1 October 2022 (or such other date as may be determined from time to time):

BNP Paribas, operating through its Singapore Branch
20 Collyer Quay, #01-01,
Singapore 049319
(Company Registration No. S71FC2142G)

AUDITORS

KPMG LLP
12 Marina View
#15-01
Asia Square Tower 2
Singapore 018961

SOLICITORS TO THE MANAGER

Chan & Goh LLP
50 Craig Road, #03-01
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SOLICITORS TO THE TRUSTEE

Dentons Rodyk & Davidson LLP
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Manager's Investment Report

Phillip Singapore Real Estate Income Fund

For the full-year ended 30th September 2022, the Fund (Class I SGD) has achieved a total return of -11.10% (net of distribution, fees, and withholding tax). For the full year, the Fund paid out a distribution per share of 5 cents.

For the same period, the major contributors to the Fund's return were from positions in Mapletree North Asia Commercial Trust (+32.32% T1Y), CDL Hospitality Trusts (+17.16% T1Y), and Suntec REIT (+14.15% T1Y), while the major detractors were Hui Xian REIT (-39.98% T1Y), EC World REIT (-35.04% T1Y), and Digital Core REIT (-34.34% T1Y).

Market sentiment by the end of the third quarter this year is still centered around high sustained inflation and rate hikes. So far, there are still no clear signs of resolution in the Russia-Ukraine conflict that has been the largest cause of the surge in commodity and energy prices this year. The rate hikes designed to contain the rising prices have spiked the short and long yields up, resulting in a decreasing yield spread and attractiveness for REITs. For the Singapore market, the yield spread between the fund's benchmark dividend yield and the 10-year Singapore Government Securities had dropped by 0.51% YoY to 2.26% by the end of September. The figure has even touched 1.24% in June, the lowest since the inception of the fund as investors pulled out from the sector, concerned about increased borrowing costs that will depress growth and distributions in the near term.

Hospitality (+13.71% T1Y) remained the only subsector with positive returns in the holding period due to early reopening optimism. Inbound visitors per month to Singapore have grown by close to 40 times YoY while the average hotel occupancy has also improved by around 20% YoY to 79% by the end of September. Retail (-3.05% T1Y) has also held up the best relatively. Consumers' sentiment remained positive driven by relaxed COVID measures despite the rising inflation. Total retail sales grew by 11.2% YoY (16.8% excl. motor vehicles) and tenant sales in both suburban and central malls have mostly surpassed the pre-COVID average in 2019 as well.

Meanwhile, Specialized or pureplay Data Centres (-28.65% T1Y), Office (-19.87% T1Y), and Industrial (-11.92% T1Y) were the worst hit due to the macroeconomic uncertainties and rising interest rate environment. Keppel DC REIT and the Industrial SREITs had their high valuations brought down as investors pulled back to more conservative valuation estimates. Both subsectors saw their price-to-book ratios drop by 0.81 (to 1.24 PB) and by 0.32 (to 0.67 PB) respectively. Offices have also experienced the impact of the slowdown in economic activity, hiring, and tech volatility.

Market Outlook & Strategy

We are cautiously optimistic on SREITs as we think that the sector has been mostly oversold and current valuation levels do give an attractive upside potential. Our top subsector preference on this would be Industrial and Specialized/pureplay SREITs at 1.05 and 1.24 PB respectively, the lowest valuation levels in the trailing five-year period. High inflation so far has a direct impact on the increased utility cost and operating expenses, but this can be passed to the tenants and we see long-term demand for Industrial, especially for the logistics space, to be quite resilient due to supportive structural trends such as e-commerce and supply-chain diversification/expansion.

Office valuation is also attractive at 0.68 PB with a trailing 12M dividend yields of 8%. The tech sector's volatility and hiring slowdown have brought uncertainties to the demand side for office spaces, but we have observed little to no effect here as occupancies have been largely improving quarterly by September.

Phillip Select Fund

Nevertheless, SREITs inorganic growth would be limited in the near term due to the high borrowing costs and distributions would be impacted to a certain degree by the increased interest rates as most have 30-50% of the debts due for refinancing over the course of 2H22 -2023. In the long-term, however, SREIT's upside potential remains attractive due to resilient structural demand and scarcity of real estate space in Singapore. The sector has also been the best inflation-adjusted asset class globally for the past 20 years and would be a good investment vehicle for investors in the current inflationary environment as the property value and rental income will generally go up along with rising prices.

Phillip Select Fund

Report to the Unitholders Year ended 30 September 2022

The following contains additional information relating to the Phillip Singapore Real Estate Income Fund (the "Sub-Fund").

1. Distribution of investments

Please refer to the Statement of Portfolio on pages 17 to 18.

2. Schedule of investments by asset class

Asset Class	Fair value at 30 September 2022 S\$	Percentage of total net assets attributable to unitholders at 30 September 2022 %
Real Estate Investment Trusts	45,199,108	91.65
Exchange Traded Funds	3,505,964	7.11
Cash and cash equivalents	1,331,367	2.70
Other net liabilities	(721,627)	(1.46)
Net assets attributable to unitholders	<u>49,314,812</u>	<u>100.00</u>

Phillip Select Fund

Report to the Unitholders Year ended 30 September 2022

3. Top 10 holdings

Phillip Singapore Real Estate Income Fund

10 largest holdings at 30 September 2022	Fair value at	Percentage of total
	30 September 2022	net assets
	S\$	attributable to
		unitholders at
		30 September 2022
		%
Mapletree Logistics Trust	4,553,833	9.23
Mapletree Industrial Trust	4,484,472	9.09
Mapletree Pan Asia Commercial Trust	3,975,436	8.06
Capitaland Ascendas REIT	3,772,222	7.65
Keppel DC REIT	3,607,329	7.31
Frasers Logistics & Commercial Trust	2,779,469	5.64
Frasers Centrepoint Trust	2,588,604	5.25
Capitaland Integrated Commercial Trust	2,077,246	4.21
Keppel REIT	1,907,823	3.87
Capitaland China Trust	1,520,509	3.08

10 largest holdings at 30 September 2021	Fair value at	Percentage of total
	30 September 2021	net assets
	S\$	attributable to
		unitholders at
		30 September 2021
		%
Ascendas Real Estate Investment Trust	6,756,939	10.08
Capitaland Integrated Commercial Trust	6,190,044	9.24
Mapletree Industrial Trust	5,571,765	8.32
Keppel DC REIT	5,262,456	7.85
Mapletree Commercial Trust	4,701,591	7.02
Phillip SGX APAC Dividend Leaders REIT ETF	3,712,799	5.54
Frasers Logistics & Commercial Trust	3,586,791	5.35
Frasers Centrepoint Trust	2,707,894	4.04
Mapletree North Asia Commercial Trust	2,495,346	3.72
Suntec Real Estate Investment Trust	2,181,120	3.25

4. Exposure to financial derivatives

	Fair value as at	Percentage of	Unrealised	Realised
	30 September	total net assets		
	2022	attributable to	gains/(losses)	gains/(losses)
	S\$	unitholders as at	()
		30 September	S\$	S\$
		2022		
		%		
Futures contracts	-	-	-	12,315

**Report to the Unitholders
Year ended 30 September 2022**

5. Global exposure to financial derivatives

The global exposure to financial derivatives is computed using the commitment approach which is calculated as the sum of:

- a. the absolute value of the exposure of each individual financial derivative not involved in netting or hedging arrangements;
- b. the absolute value of the net exposure of each individual financial derivative after netting or hedging arrangements; and
- c. the sum of the values of cash collateral received pursuant to:
 - i. the reduction of exposure to counterparties of OTC financial derivatives; and
 - ii. EPM techniques relating to securities lending and repurchase transactions, and that are reinvested.

6. Collateral

Nil.

7. Securities lending or repurchase transactions

Nil.

8. Amount and percentage of total fund size invested in other unit trusts, mutual funds and collective investment schemes

Please refer to Statement of Portfolio on page 17 to 18.

9. Amount and percentage of borrowings of total fund size as at 30 September 2022

Nil.

Phillip Select Fund

Report to the Unitholders Year ended 30 September 2022

10. Amount of units created and cancelled for the financial year ended 30 September 2022

	Class A SGD S\$	Class A USD S\$	Class I SGD S\$	Class I USD S\$
Total amount of redemptions	(26,558,535)	(172,064)	(6,425,462)	-
Total amount of subscriptions	21,349,930	737,114	1,425,001	6,989

11. Turnover ratio

Please refer to Note 11 of Notes to Financial Statements.

12. Expense ratio

Please refer to Note 11 of Notes to Financial Statements.

13. Performance of Sub-Fund as at 30 September 2022

	Class A		Class I		Benchmark
	SGD	USD	SGD	USD	
Cumulative (%) *					
3 months	-7.18	-9.97	-7.07	-9.86	-7.58
6 months	-11.96	-16.96	-11.74	-16.76	-12.51
1 year	-11.10	-16.06	-10.85	-15.59	-10.45
3 years	-13.91	-12.90	-12.88	-11.87	-9.25
5 years	3.07	2.82	5.31	5.02	17.28
10 years	43.96	-	49.86	-	68.84
Since inception **	84.86	19.27	93.16	25.98	118.32
Annualised (%)					
1 year	-11.10	-16.06	-10.85	-15.59	-10.45
3 years	-4.87	-4.50	-4.49	-4.13	-3.19
5 years	0.61	0.56	1.04	0.99	3.24
10 years	3.71	-	4.13	-	5.38
Since inception **	5.72	1.91	6.15	2.78	7.33

* Cumulative returns are calculated on a bid to bid basis, with net dividends reinvested. The Benchmark for which the Sub-Fund is measured against is the SGX S-REIT Index.

** Inception Date: 19 September 2011 (Class A SGD Units and Class I SGD Units) / 29 April 2014 (Class I USD Units) / 17 July 2013 (Class A USD Units)
Source: Bloomberg

14. Related party transactions

Please refer to Note 10 of Notes to Financial Statements.

15. Any other material information that will adversely impact the valuation of the Sub-Fund.

Nil.

**Report to the Unitholders
Year ended 30 September 2022**

16. For schemes which invest more than 30% of their deposited property in another scheme, the following key information on the second mentioned scheme (“the underlying scheme”) should be disclosed as well.

- (i) Top 10 holdings at market value and as percentage of NAV as at 30 September 2022 and 30 September 2021.

Not applicable.

- (ii) Expense ratios for the period 30 September 2022 and 30 September 2021.

Not applicable.

- (iii) Turnover ratios for the period 30 September 2022 and 30 September 2021.

Not applicable

17. Soft dollar commissions

The Manager may receive or enter into soft-dollar commissions or arrangements. The Manager will comply with applicable regulatory and industry standards on soft-dollars. The soft-dollar commissions which the Manager may receive include research and advisory services, economic and political analyses, portfolio analyses including valuation and performance measurements, market analyses, data and quotation services, computer hardware and software or any other information facilities to the extent that they are used to support the investment decision making process, the giving of advice, or the conduct of research or analysis and custodial service in relation to the investments managed for clients. The soft dollar credits utilised are not allocated on a specific client basis. The brokers also execute trades for other funds managed by the Manager.

The Manager will not accept or enter into soft dollar commissions or arrangements unless such soft-dollar commissions or arrangements would, in the opinion of the Manager, assist the Manager in its management of clients' funds, provided that the Manager shall ensure at all times that transactions are executed on the best available terms taking into account the relevant market at the time for transactions of the kind and size concerned, and that no unnecessary trades are entered into in order to qualify for such soft-dollar commissions or arrangements.

The Manager does not, and is not entitled to retain cash rebates for its own account in respect of rebates earned when transacting in securities for the account of the Sub-Fund.

During the period, soft dollar services received from each broker were investment research and publications, data and quotation services. Soft dollar services were received from the Manager's panel of brokers which executed transactions for the Sub-Fund and other funds managed by the Manager.

Report of the Trustee

The Trustee is under a duty to take into custody and hold the assets of Phillip Select Fund in trust for the unitholders. In accordance with the Securities and Futures Act (Chapter 289), its subsidiary legislation and the Code on Collective Investment Schemes, the Trustee shall monitor the activities of the Manager for compliance with the limitations imposed on the investment and borrowing powers as set out in the Trust Deed in each annual accounting year and report thereon to unitholders in an annual report.

To the best knowledge of the Trustee, the Manager has, in all material respects, managed Phillip Select Fund during the period covered by these financial statements, set out on pages 14 to 30, in accordance with the limitations imposed on the investment and borrowing powers set out in the Trust Deed.

For and on behalf of the Trustee
BNP Paribas Trust Services Singapore Limited

Authorised signatory

29 December 2022

Statement by the Manager

In the opinion of the directors of Phillip Capital Management (S) Ltd, the accompanying financial statements set out on pages 14 to 30, comprising the Statement of Total Return, Statement of Financial Position, Statement of Movements of Unitholders' Funds, Statement of Portfolio and Notes to the Financial Statements are drawn up so as to present fairly, in all material respects, the financial position and the portfolio holdings of Phillip Select Fund as at 30 September 2022, and the financial performance and movements in unitholders' funds for the year then ended in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "*Reporting Framework for Investment Funds*" issued by the Institute of Singapore Chartered Accountants. At the date of this statement, there are reasonable grounds to believe that Phillip Select Fund will be able to meet its financial obligations as and when they materialise.

For and on behalf of the Manager
Phillip Capital Management (S) Ltd

Jeffrey Lee Chay Khiong
Director

29 December 2022

Independent auditors' report

Unitholders

Phillip Select Fund

(Constituted under a Trust Deed in the Republic of Singapore)

Opinion

We have audited the financial statements of Phillip Select Fund (the "Fund"), which comprise the Statement of Financial Position and Statement of Portfolio as at 30 September 2022, the Statement of Total Return and Statement of Movements of Unitholders' Funds for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 14 to 30.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the recommendations of Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" ("RAP 7") issued by the Institute of Singapore Chartered Accountants so as to present fairly, in all material respects, the financial position and portfolio holdings of the Fund as at 30 September 2022 and the financial performance and movements in unitholders' funds for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Phillip Capital Management (S) Ltd, the Manager of the Fund ('the Manager'), is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report, other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Manager for the financial statements

The Manager is responsible for the preparation and fair presentation of these financial statements in accordance with the recommendations of RAP 7 issued by the Institute of Singapore Chartered Accountants, and for such internal control as the Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Manager is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Manager either intends to terminate the Fund or to cease the Fund's operations, or has no realistic alternative but to do so.

The Manager's responsibilities include overseeing the Fund's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Manager.
- Conclude on the appropriateness of the Manager's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

KPMG LLP
*Public Accountants and
Chartered Accountants*

Singapore
29 December 2022

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a private English company limited by guarantee.

Statement of Total Return
Year ended 30 September 2022

		Phillip Singapore Real Estate Income Fund	
	Note	2022	2021
		S\$	S\$
Income			
Dividends		2,558,857	2,694,694
Interest on cash and bank balances		4,570	-
		<u>2,563,427</u>	<u>2,694,694</u>
Less:			
Expenses			
Management fees		624,877	651,314
Less: Management fee rebates		-	(148)
Registrar fees		5,716	6,292
Trustee fees		22,863	25,167
Custody fees		62,502	75,867
Audit fees		15,000	14,961
Transaction fees		133,165	159,726
Valuation fees		22,863	25,167
Other expenses		23,080	75,822
		<u>910,066</u>	<u>1,034,168</u>
Net income		<u>1,653,361</u>	<u>1,660,526</u>
Net gains or losses on value of investments and financial derivatives			
Net (losses)/gains on investments		(7,207,848)	1,245,719
Net gains/(losses) on financial derivatives		12,315	(617,399)
Net gains/(losses) on foreign exchange		816	(6,788)
		<u>(7,194,717)</u>	<u>621,532</u>
Total (deficit)/return for the financial year before income tax		(5,541,356)	2,282,058
Less: Income tax	8	256,377	(295,539)
Total (deficit)/return for the financial year after income tax before distribution		<u>(5,797,733)</u>	<u>1,986,519</u>

The accompanying notes form an integral part of these financial statements

Statement of Financial Position
As at 30 September 2022

		Phillip Singapore Real Estate Income Fund	
	Note	2022	2021
		S\$	S\$
Assets			
Portfolio of investments		48,705,072	63,175,422
Sales awaiting settlement		3,517	680,484
Receivables	3	195,757	1,575,062
Amounts held with brokers	4	305,795	165,283
Cash and cash equivalents	5	1,025,572	5,077,845
Total assets		50,235,713	70,674,096
Liabilities			
Payables	6	920,901	1,633,533
Purchases awaiting settlement		-	2,032,170
Total liabilities		920,901	3,665,703
Equity			
Net assets attributable to unitholders	7	49,314,812	67,008,393

The accompanying notes form an integral part of these financial statements

Statement of Movements of Unitholders' Funds
Year ended 30 September 2022

	Note	Phillip Singapore Real Estate Income Fund 2022 S\$	2021 S\$
Net assets attributable to unitholders at the beginning of the financial year		67,008,393	64,908,816
Operations			
Change in net assets attributable to unitholders resulting from operations		(5,797,733)	1,986,519
Unitholders' contributions/(withdrawals)			
Creation of units		23,519,034	53,704,100
Cancellation of units		(33,156,061)	(51,016,892)
Change in net assets attributable to unitholders resulting from net creation and cancellation of units		(9,637,027)	2,687,208
Distributions	9	(2,258,821)	(2,574,150)
Total (decrease)/increase in net assets attributable to unitholders		(17,693,581)	2,099,577
Net assets attributable to unitholders at the end of the financial year	7	49,314,812	67,008,393

The accompanying notes form an integral part of these financial statements

Statement of Portfolio
As at 30 September 2022

Phillip Singapore Real Estate Income Fund

By Geography (Primary)

	Holdings at 30 September 2022	Fair value at 30 September 2022 S\$	Percentage of total net assets attributable to unitholders at 30 September 2022 %
Quoted Investment Fund			
HONG KONG SAR			
Hui Xian Real Estate Investment Trust	300,000	52,814	0.11
Link REIT	64,000	642,259	1.30
		695,073	1.41
SINGAPORE			
AIMS APAC REIT	517,175	661,984	1.34
Capitaland Ascendas REIT	1,402,313	3,772,222	7.65
Capitaland Ascott Trust	601,161	589,138	1.20
Capitaland China Trust	1,462,028	1,520,509	3.08
Capitaland India Trust	1,251,600	1,314,180	2.67
Capitaland Integrated Commercial Trust	1,081,899	2,077,246	4.21
CDL Hospitality Trusts	1,028,420	1,203,251	2.44
Cromwell European REIT	320,300	805,940	1.63
Daiwa House Logistics Trust	700,000	420,000	0.85
Digital Core REIT Management Pte Limited	30,000	30,133	0.06
EC World REIT	300,000	150,000	0.30
ESR-LOGOS REIT	2,199,709	780,897	1.58
Far East Hospitality Trust	876,100	512,518	1.04
Frasers Centrepoint Trust	1,192,905	2,588,604	5.25
Frasers Hospitality Trust	13	6	-
Frasers Logistics & Commercial Trust	2,259,731	2,779,469	5.64
IREIT Global	546,500	273,250	0.55
Keppel DC REIT	2,121,958	3,607,329	7.31
Keppel Pacific OAK US REIT	888,000	700,805	1.42
Keppel REIT	1,927,094	1,907,823	3.87
Lendlease Global Commercial REIT	1,443,800	1,097,288	2.23
Lippo Malls Indonesia Retail Trust	17	1	-
Manulife US Real Estate Investment Trust	1,922,780	1,172,573	2.38
Mapletree Industrial Trust	1,884,232	4,484,472	9.09
Mapletree Logistics Trust	2,919,124	4,553,833	9.23
Mapletree Pan Asia Commercial Trust	2,311,300	3,975,436	8.06
OUE Commercial Real Estate Investment Trust	2,286,640	777,458	1.58
Parkway Life Real Estate Investment Trust	240,612	1,020,195	2.07
Phillip SGD Money Market ETF	15,000	1,511,820	3.07
Phillip SGX APAC Dividend Leaders REIT ETF	1,127,600	1,276,443	2.59
Prime US REIT	750,000	581,134	1.18
Sasseur Real Estate Investment Trust	562,300	396,422	0.80
Starhill Global REIT	1,286,738	694,839	1.41
Suntec Real Estate Investment Trust	36,000	55,080	0.11
		47,292,298	95.89
UNITED STATES OF AMERICA			
Proshares VIX Short-Term Futures ETF	29,250	717,701	1.46
		717,701	1.46
Portfolio of investments		48,705,072	98.76
Other net assets		609,740	1.24
Net assets attributable to unitholders		49,314,812	100.00

The accompanying notes form an integral part of these financial statements

Statement of Portfolio
As at 30 September 2022

By Geography (Summary)	Phillip Singapore Real Estate Income Fund		
	Fair value at 30 September 2022 S\$	Percentage of total net assets attributable to unitholders at 30 September 2022 %	Percentage of total net assets attributable to unitholders at 30 September 2021 %
Quoted			
Hong Kong SAR	695,073	1.41	1.25
Singapore	47,292,298	95.89	92.88
United States of America	717,701	1.46	0.15
Portfolio of investments	48,705,072	98.76	94.28
Other net assets	609,740	1.24	5.72
Net assets attributable to unitholders	49,314,812	100.00	100.00

By Industry (Secondary)	Phillip Singapore Real Estate Income Fund		
	Fair value at 30 September 2022 S\$	Percentage of total net assets attributable to unitholders at 30 September 2022 %	Percentage of total net assets attributable to unitholders at 30 September 2021 %
Real Estate Investment Trust*	45,199,108	91.65	88.59
Exchange traded Fund	2,788,263	5.65	5.54
Financial	717,701	1.46	0.15
Portfolio of investments	48,705,072	98.76	94.28
Other net assets	609,740	1.24	5.72
Net assets attributable to unitholders	49,314,812	100.00	100.00

*A trust or company is defined as a Real Estate Investment Trust, if such trust's or company's business sector is classified as "Residential and Commercial REITs" under the Thomson Reuters Business Classification.

Notes to the Financial Statements

These notes form an integral part of the financial statements

1 General

Phillip Select Fund (the "Fund") is an open-ended Unit Trust constituted pursuant to the Trust Deed dated 12 July 2011 together with its Amended and Restated Deeds and its Supplemental Deeds thereon (collectively referred to as the "Trust Deed") between Phillip Capital Management (S) Ltd as the Manager and BNP Paribas Trust Services Singapore Ltd as the Trustee. The Trust Deed is governed by and construed in accordance with the laws of the Republic of Singapore.

The Fund offers one sub-fund (the "Sub-Fund"), Phillip Singapore Real Estate Income Fund, which was first offered for subscription on 16 August 2011.

The investment objective of Phillip Singapore Real Estate Income Fund is to achieve medium to long term capital appreciation and a regular stream of income by primarily investing in Real Estate Investment Trusts ("REITs") listed in Singapore, including warrants, bonds and convertible bonds issued by the REITs. The Sub-Fund intends to offer regular dividends through quarterly distributions (or such other frequency as the Managers may determine from time to time). The Sub-Fund is benchmarked against the SGX S-REIT Index.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements, expressed in Singapore Dollars ("S\$"), have been prepared under the historical cost basis, as modified by the revaluation of investments, and in accordance with the Statement of Recommended Accounting Practice 7 "Reporting Framework for Investment Funds" revised and issued by the Institute of Singapore Chartered Accountants.

For the purposes of preparation of these financial statements, the basis used for calculating the expense ratio and turnover ratio are in accordance with the guidelines issued by the Investment Management Association of Singapore ("IMAS") and the Code on Collective Investment Schemes under the Securities and Futures Act (Cap 289) respectively.

2.2 Basis of valuation of investments

Quoted investments are stated at fair value at the reporting date. Unrealised gains/losses on investments are represented by the difference between the fair value and the carrying value of investments and are recognised in the Statement of Total Return. Realised gains and losses upon disposal of investments are computed on the basis of the difference between the carrying value and the selling price of investments on trade date and are taken to the Statement of Total Return.

2.3 Financial derivatives

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in the Statement of Total Return when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes in fair value therein are recognised in the Statement of Total Return.

2. Significant accounting policies (continued)

2.4 Recognition of income

Dividend income is recognised when declared and is stated gross of tax credits.

Interest income is recognised using the effective interest method accrued over the duration of the contract.

2.5 Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated at exchange rates at the reporting date. All exchange differences are recognised in the Statement of Total Return.

2.6 Income tax expense

The Fund is a designated unit trust under the Singapore Income Tax Act (Chapter 134). As a result, the following sources of income are not subjected to Singapore tax at the sub-fund level:

- (i) gains or profits derived from Singapore or elsewhere from the disposal of securities;
- (ii) interest (other than interest for which Singapore tax has been withheld); and
- (iii) dividends derived from outside Singapore and received in Singapore.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and amounts held with brokers. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

2.8 Net assets attributable to unitholders

Net assets attributable to unitholders are classified as equity.

3 Receivables

	Phillip Singapore Real Estate Income Fund	
	2022	2021
	S\$	S\$
Receivable from unitholders for creation of units	167,238	1,549,530
Dividends receivable	28,030	25,043
Other receivables	489	489
	<u>195,757</u>	<u>1,575,062</u>

4 Amount held with brokers

		Phillip Singapore Real Estate Income Fund	
		2022	2021
		S\$	S\$
Amount held with brokers		305,795	165,283

5 Cash and cash equivalents

		Phillip Singapore Real Estate Income Fund	
		2022	2021
		S\$	S\$
Cash and bank balances		1,025,572	5,077,845

The bank balances are placed with a financial institution related to the Trustee.

6 Payables

		Phillip Singapore Real Estate Income Fund	
		2022	2021
		S\$	S\$
Payable to unitholders for cancellation of units		83,243	765,992
Distribution payable in respect of final distribution		676,144	689,009
Management fee payable		106,134	123,305
Other payables and accrued expenses		55,380	55,227
		920,901	1,633,533

7 Units in issue

During the year the number of units issued, redeemed and outstanding were as follows:

		Phillip Singapore Real Estate Income Fund	
		2022	2021
Class A SGD Units			
Units at beginning of the year		38,168,444	29,741,107
Units created		17,188,781	40,196,965
Units cancelled		(21,511,415)	(31,769,628)
Units at end of the year		33,845,810	38,168,444
Net assets attributable to unitholders - S\$		36,556,529	47,895,407
Net asset value per unit - S\$		1.0800	1.2548

7 Units in issue (continued)

	Phillip Singapore Real Estate Income Fund	
	2022	2021
Class A USD Units		
Units at beginning of the year	662,087	566,162
Units created	619,905	307,194
Units cancelled	(140,670)	(211,269)
Units at end of the year	1,141,322	662,087
Net assets attributable to unitholders - S\$	1,214,597	819,746
Net asset value per unit - S\$	1.0642	1.2381
 Class I SGD Units		
Units at beginning of the year	13,705,857	19,653,785
Units created	1,101,211	1,264,707
Units cancelled	(4,863,983)	(7,212,635)
Units at end of the year	9,943,085	13,705,857
Net assets attributable to unitholders - S\$	11,376,290	18,107,126
Net asset value per unit - S\$	1.1441	1.3211
 Class I USD Units		
Units at beginning of the year	140,683	135,144
Units created	5,382	5,539
Units cancelled	-	-
Units at end of the year	146,065	140,683
Net assets attributable to unitholders - S\$	167,396	186,114
Net asset value per unit - S\$	1.1460	1.3229

Currently, the Manager is offering 4 classes of Units in the Sub-Fund, namely Class A SGD Units, Class A USD Units, Class I SGD Units and Class I USD Units. Class A SGD Units and Class A USD Units are offered to investors who invest a minimum of SGD1,000 or USD1,000, respectively, and Class I SGD Units and Class I USD Units are offered to investors who invest SGD500,000 or USD500,000 and above, respectively. All classes will constitute the Sub-Fund and are not separate sub-funds. Any expense, income and/or gain which is attributable to a particular class shall be deducted from or added to (as the case may be) the value of the Sub-Fund which is attributable to that class.

A reconciliation of the net assets attributable to unitholders per unit per the financial statements and the net assets attributable to unitholders per unit for issuing/redeeming units at the financial year end is presented below:

7. Units in issue (continued)

	Phillip Singapore Real Estate Income Fund	
Class A SGD Units	2022	2021
	S\$	S\$
Net assets attributable to unitholders per unit per the financial statements	1.0800	1.2548
Effects of distribution per unit	0.0150	0.0125
Net assets attributable to unitholders per unit for issuing/redeeming units	1.0950	1.2673
 Class A USD Units		
Net assets attributable to unitholders per unit per the financial statements	1.0642	1.2381
Effects of distribution per unit	0.0150	0.0140
Net assets attributable to unitholders per unit for issuing/redeeming units	1.0792	1.2521
 Class I SGD Units		
Net assets attributable to unitholders per unit per the financial statements	1.1441	1.3211
Effects of distribution per unit	0.0150	0.0146
Net assets attributable to unitholders per unit for issuing/redeeming units	1.1591	1.3357
 Class I USD Units		
Net assets attributable to unitholders per unit per the financial statements	1.1460	1.3229
Effects of distribution per unit	0.0150	0.0140
Net assets attributable to unitholders per unit for issuing/redeeming units	1.1610	1.3369

8 Income tax

	Phillip Singapore Real Estate Income Fund	
	2022	2021
	S\$	S\$
Singapore income tax	256,377	295,539
	256,377	295,539

The Singapore income tax represents tax deducted at source for Singapore sourced dividends and tax charge on distribution from Singapore REITs.

9 Distributions

Phillip Singapore Real Estate Income Fund

	2022 S\$
Interim (0.70 cents per unit based on units outstanding as at 31 December 2021)	327,189
Interim (1.45 cents per unit based on units outstanding as at 30 March 2022)	660,857
Interim (1.35 cents per unit based on units outstanding as at 30 June 2022)	594,631
Interim (1.50 cents per unit based on units outstanding as at 30 September 2022)	676,144
	2,258,821
	2021 S\$
Interim (1.40 cents per unit based on units outstanding as at 31 December 2020)	643,191
Interim (1.00 cents per unit based on units outstanding as at 30 March 2021)	529,468
Interim (1.30 cents per unit based on units outstanding as at 30 June 2021)	712,482
Final (1.40 cents per unit based on units outstanding as at 30 September 2021)	689,009
	2,574,150

10 Financial risk management

In the ordinary course of business, the Sub-Fund is exposed to a variety of market risks (including price risk, interest rate risk and currency risk), liquidity risk and credit risk. The Sub-Fund's overall risk management programme seeks to minimise potential adverse effects on the Sub-Fund's financial performance. The Sub-Fund may use financial derivative instruments, subject to the terms of the Trust Deed to moderate certain risk exposures.

a) **Market risk**

Market risk is the risk of potential adverse change to the value of financial instruments because of changes in market conditions such as interest rate movements and volatility in securities' prices. The Manager manages the Sub-Fund's exposure to market risk through the use of risk management strategies and various analytical monitoring techniques.

i. *Price risk*

Price risk is the risk that the fair values of quoted securities or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The investments of the Sub-Fund are subject to normal market fluctuations and the risks inherent in investing in securities markets and there can be no assurance that appreciation will occur. It is the policy of the Manager to maintain a diversified portfolio of investments so as to minimise the risk. The Manager's preferred strategy is to hold investments for the medium-to-long term. The Manager is therefore not concerned about the short-term price volatility with respect to its investment provided that the underlying business, economic and management characteristics of its investments remain favourable.

10. Financial risk management (continued)

a) Market risk (continued)

Sensitivity analysis

A 10% increase in the market prices of investments at the reporting date would increase the fair value of investments by the following amount:

	Phillip Singapore Real Estate Income Fund	
	2022	2021
	S\$	S\$
Portfolio of investment	4,870,507	6,317,542

A 10% decrease in the market prices of investments at the reporting date would have an equal but opposite effect on the fair value of investments, on the basis that all other variables remain constant.

ii. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Sub-Fund is not subject to significant risk of fluctuations in market interest rates as there are no significant variable interest earning/bearing financial instruments held.

iii. Currency risk

The Sub-Fund is denominated in Singapore Dollars. The Sub-Fund invests in underlying securities which are denominated in foreign currencies where fluctuations in the relevant exchange rates may have an impact on the income and value of the Sub-Fund. The Manager may seek to minimise exposure to foreign currency fluctuation to the extent practicable.

Assets and liabilities denominated in currencies other than the Sub-Fund's functional currency comprise the following:

Phillip Singapore Real Estate Income Fund

2022	USD	AUD	EUR	CNY	HKD
	S\$	S\$	S\$	S\$	S\$
Assets					
Portfolio of investments	3,202,346	-	805,940	52,814	642,259
Cash and cash equivalents	49,335	27	-	-	-
	3,251,681	27	805,940	52,814	642,259
Liabilities					
Payables	(19,311)	-	-	-	-
	(19,311)	-	-	-	-
Net currency exposure	3,232,370	27	805,940	52,814	642,259

10. Financial risk management (continued)

a) Market risk (continued)

2021	USD S\$	AUD S\$	EUR S\$	CNY S\$	HKD S\$
Assets					
Portfolio of investments	3,778,064	-	939,144	94,536	744,992
Cash and cash equivalents	138,562	29	-	-	-
	<u>3,916,626</u>	<u>29</u>	<u>939,144</u>	<u>94,536</u>	<u>744,992</u>
Liabilities					
Payables	(11,239)	-	-	-	-
	<u>(11,239)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net currency exposure	<u>3,905,387</u>	<u>29</u>	<u>939,144</u>	<u>94,536</u>	<u>744,992</u>

10. Financial risk management (continued)

Portfolio of investments and financial derivatives at fair value are non-monetary financial assets and are exposed to both currency risk and price risk. As these financial assets are non-monetary, no separate sensitivity analysis has been performed to analyse currency risk.

The Sub-Fund's monetary assets are measured for their sensitivity to exchange rate movements based on the balance of the monetary assets, forecasted exchange rate movements and the net asset value of the Sub-Fund.

As at 30 September 2022 and 2021, with respect to the monetary assets of the Sub-Fund, had the Singapore Dollar appreciated/depreciated by 10% (2021: 10%) against foreign currencies, with all other variables remaining constant, the decrease/increase in net assets attributable to unitholders would not be significant.

b) Liquidity risk

The Sub-Fund is exposed to daily redemption of units in the Sub-Fund. Therefore the majority of their assets are invested in investments that are traded in an active market and can be readily disposed of.

The tables below analyse the Sub-Fund's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Phillip Singapore Real Estate Income Fund	
	2022	2021
	S\$	S\$
Less than 3 months		
Payables	920,901	1,633,533
Purchases awaiting settlement	-	2,032,170
	920,901	3,665,703

c) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

The Sub-Fund is exposed to counterparty credit risk on cash and cash equivalents and other receivable balances.

All transactions in listed securities are settled/paid upon delivery using approved brokers. The risk of default is considered minimal, as delivery of securities is only made upon payment by the broker. Payment is made on a purchase once the securities have been received by the Sub-Fund. The trade will fail if either party fails to meet its obligation.

The Sub-Fund may also enter into derivative contracts to manage exposures to currency risk and price risk. Hence, the Sub-Fund is also exposed to the risk that amounts held with counterparties for derivative contracts may not be recoverable in the event of any default by the parties concerned.

10. Financial risk management (continued)

d) Fair value estimation

The fair value of financial assets and liabilities traded in active markets (such as publicly traded securities) are based on quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets and financial liabilities held by the Sub-Fund is the last traded price. When the Sub-Fund holds derivatives with offsetting market risks, last traded prices are used as a basis for establishing fair values for the offsetting risk positions and last traded prices are applied to the net open position, as appropriate.

The Sub-Fund classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table analyses within the fair value hierarchy the Sub-Fund's financial assets and liabilities (by class) measured at fair value at 30 September 2022 and 2021:

Phillip Singapore Real Estate Income Fund

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2022				
Assets				
Portfolio of investments	48,705,072	-	-	48,705,072
	<u>48,705,072</u>	<u>-</u>	<u>-</u>	<u>48,705,072</u>
2021				
Assets				
Portfolio of investments	63,175,422	-	-	63,175,422
	<u>63,175,422</u>	<u>-</u>	<u>-</u>	<u>63,175,422</u>

Investments whose values are based on quoted market prices in active markets, and therefore classified within level 1, include active listed equities. The Sub-Fund does not adjust the quoted price for these instruments.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

There are no transfers between the levels of fair value hierarchy during the year.

11 Related parties

In the normal course of the business of the Sub-Fund, management fees and trustee fees have been paid or are payable to the Manager and the Trustee respectively as disclosed in the Statement of Total Return.

In addition, the bank holding company and related parties of the Trustee have also provided custodian, banking, foreign exchange, fund administration and brokerage services to the Sub-Fund in the normal course of business at terms agreed between the parties and within the provisions of the Trust Deed.

The Manager may also use the services of related parties to carry out transactions involving the purchase and sales of securities.

Other than as disclosed elsewhere in the financial statements, the following significant transactions took place between the Sub-Fund and its related parties during the year:

	Phillip Singapore Real Estate Income Fund	
	2022	2021
	S\$	S\$
Brokerage fees paid to:		
- a related party of the Manager	12,499	25,705
- a related party of the Trustee	1,958	-
Valuation fees paid to a related party of the Trustee	22,863	25,167
Interest income received from/(interest expense paid to):		
- a related party of the Trustee	4,570	-
- a related party of the Trustee	(3,197)	(1,021)
	<u>1,025,571</u>	<u>5,077,845</u>
Bank balances held with related parties of the Trustee	<u>1,025,571</u>	<u>5,077,845</u>

12 Financial ratios

Expense ratio		Phillip Singapore Real Estate Income Fund	
		2022	2021
Class A SGD units			
Total operating expenses	S\$	623,341	611,812
Average daily net asset value	S\$	42,415,120	39,049,408
Expense ratio ^(Note 1)	%	1.47	1.57
Class A USD units			
Total operating expenses	S\$	17,136	12,818
Average daily net asset value	S\$	1,170,640	818,263
Expense ratio ^(Note 1)	%	1.46	1.57
Class I SGD units			
Total operating expenses	S\$	131,395	246,760
Average daily net asset value	S\$	13,375,198	22,867,842
Expense ratio ^(Note 1)	%	0.98	1.08
Class I USD units			
Total operating expenses	S\$	1,832	2,031
Average daily net asset value	S\$	185,969	187,680
Expense ratio ^(Note 1)	%	0.99	1.08
Turnover ratio			
Lower total value of purchase or sales	S\$	23,956,526	25,826,850
Average daily net asset value	S\$	57,146,927	62,923,193
Turnover ratio ^(Note 2)	%	41.92	41.05

¹ The expense ratio has been computed based on the guidelines laid down by the Investment Management Association of Singapore ("IMAS"). The calculation of the expense ratio is based on total operating expenses divided by the average net asset value for the year. The total operating expenses do not include (where applicable) brokerage and other transaction costs, performance fee, interest expense, distribution paid out to unitholders, foreign exchange gains/losses, front or back end loads arising from the purchase or sale of other funds and tax deducted at source or arising out of income received. The Fund does not pay any performance fee. The average net asset value is based on the daily balances.

² The turnover ratio is calculated in accordance with the formula stated in the Code on Collective Investment Schemes. The calculation of the portfolio turnover ratio was based on the lower of the total value of purchases or sales of the underlying investments divided by the weighted average daily net asset value. The total value of sales do not include brokerage and other transaction costs.

Phillip Select Fund

Important Information

Phillip Singapore Real Estate Income Fund (the "Sub-Fund") is a sub-fund of Phillip Select Fund (the "Fund"), an open-ended umbrella unit trust authorised under the Securities and Futures Act, Chapter 289, by the Monetary Authority of Singapore.

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